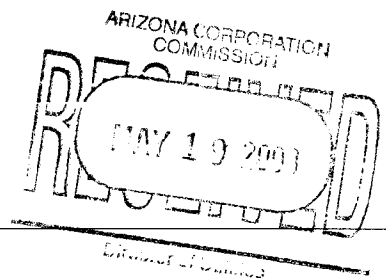


**ARIZONA CORPORATION COMMISSION**  
**UTILITIES DIVISION**

**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY**

**P**

W-01774A  
Picacho Water Improvement  
P. O. Box 44  
Picacho AZ 85421



**ANNUAL REPORT**

*Entered  
5/20/03  
C.M.*

**FOR YEAR ENDING**

<b>12</b>	<b>31</b>	<b>2002</b>
-----------	-----------	-------------

FOR COMMISSION USE

<i>ANN04</i>	<i>02</i>
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Board of Directors  
Picacho Water Improvement Corp.  
Picacho, Arizona

We have compiled the income and balance sheet information-income tax basis of Picacho Water Improvement Corporation, as of December 31, 2001 and 2002, and the related comparative statements of income and expenses-income tax basis, for the years then ended, included in the accompanying prescribed form, in accordance with statements on Standards for accounting and Review Services issued by the American Institute of Certified Public Accountants. We have also compiled the supplementary information presented in the prescribed form. The financial information has been prepared on the income tax basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Our compilation was limited to presenting in the form prescribed by the Arizona Department of Revenue information that is the representation of management. We have not audited or reviewed the financial information and supplementary information referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

The financial information and supplementary information are presented in accordance with the requirements of the Arizona Department of Revenue Property Tax Function, which differ from the income tax basis of accounting. Accordingly, the financial information and supplementary information are not designed for those who are not informed about such differences.

A handwritten signature in cursive script that reads "Henry &amp; Horne, P.C.".

April 12, 2003

## COMPANY INFORMATION

**Company Name (Business Name)** Picacho Water Improvement Corporation

**Mailing Address** P O Box 44

(Street)

Picacho

Arizona

85241

(City)

(State)

(Zip)

(520) 466-3787

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**Local Office Mailing Address** Sam E

(Street)

Picacho

Az

85241

(City)

(State)

(Zip)

Local Office Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

## MANAGEMENT INFORMATION

**Management Contact:** Ed Kile Manager

(Name)

(Title)

P O Box 44

Picacho

Arizona

85241

(Street)

(City)

(State)

(Zip)

(520) 466-3787

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

**On Site Manager:** Ed Kile

(Name)

P O Box 44

Picacho

Arizona

85241

(Street)

(City)

(State)

(Zip)

(520) 466-3787

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Email Address** \_\_\_\_\_

See Accountant's Report

**Statutory Agent:** Ed Kile

(Name)

P O Box 44

(Street)

Picacho

(City)

Arizona

(State)

85241

(Zip)

(520) 466-3787

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

**Attorney:** Robert Lynch

(Name)

340 E Palm Lane

(Street)

Phoenix

(City)

Arizona

(State)

85004

(Zip)

(602) 254-5908

Telephone No. (Include Area Code)

Fax No. (Include Area Code)

Pager/Cell No. (Include Area Code)

### OWNERSHIP INFORMATION

Check the following box that applies to your company:

☐ Sole Proprietor (S)

☒ C Corporation (C) (Other than Association/Co-op)

☐ Partnership (P)

☐ Subchapter S Corporation (Z)

☐ Bankruptcy (B)

☐ Association/Co op (A)

☐ Receivership (R)

☐ Limited Liability Company

☐ Other (Describe) \_\_\_\_\_

### COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

☐ APACHE

☐ COCHISE

☐ COCONINO

☐ GILA

☐ GRAHAM

☐ GREENLEE

☐ LA PAZ

☐ MARICOPA

☐ MOHAVE

☐ NAVAJO

☐ PIMA

☒ PINAL

☐ SANTA CRUZ

☐ YAVAPAI

☐ YUMA

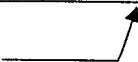
☐ STATEWIDE

**COMPANY NAME**

Picacho Water Improvement Corporation

**UTILITY PLANT IN SERVICE**

<b>Acct. No.</b>	<b>DESCRIPTION</b>	<b>Original Cost (OC)</b>	<b>Accumulated Depreciation (AD)</b>	<b>O.C.L.D. (OC less AD)</b>
301	Organization			
302	Franchises			
303	Land and Land Rights	700	-0-	700
304	Structures and Improvements	933	933	-0-
307	Wells and Springs	7479	4169	3310
311	Pumping Equipment	80381	72115	8266
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25619	25619	
331	Transmission and Distribution Mains	61778	61778	
333	Services			
334	Meters and Meter Installations	4320	3983	337
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1555	1555	
341	Transportation Equipment	9245	9245	
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	3251	3251	
	<b>TOTALS</b>	<b>195261</b>	<b>182648</b>	<b>12613</b>

This amount goes on the Balance Sheet Acct. No. 108 

See Accountant's Report

COMPANY NAME

Picacho Water Improvement Corporation

**CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR**

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization			
302	Franchises			
303	Land and Land Rights	700		
304	Structures and Improvements	933		
307	Wells and Springs	7479	20%	225
311	Pumping Equipment	80381	20%	850
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	25619		
331	Transmission and Distribution Mains	61778		
333	Services			
334	Meters and Meter Installations	4320	20%	51
335	Hydrants			
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	1555		
341	Transportation Equipment	9245		
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	3251		
348	Other Tangible Plant			
	<b>TOTALS</b>	195261		1126

This amount goes on Comparative Statement of Income and Expense \_\_\_\_\_  
Acct. No. 403.

See Accountant's Report

## BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>ASSETS</b>		
	<b>CURRENT AND ACCRUED ASSETS</b>		
131	Cash	\$ 16847	\$ 14108
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	14323	12725
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets	298	298
	<b>TOTAL CURRENT AND ACCRUED ASSETS</b>	\$ 31468	\$ 27131
	<b>FIXED ASSETS</b>		
101	Utility Plant in Service	\$ 195261	\$ 195261
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	181522	182648
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	<b>TOTAL FIXED ASSETS</b>	\$ 13739	\$ 12613
	<b>TOTAL ASSETS</b>	\$ 45207	\$ 39744

**NOTE:** The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

See Accountant's Report

### BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	<b>LIABILITIES</b>		
	<b>CURRENT LIABILITIES</b>		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	6962	7002
236	Accrued Taxes	1663	644
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	<b>TOTAL CURRENT LIABILITIES</b>	\$ 8625	\$ 7646
	<b>LONG-TERM DEBT (Over 12 Months)</b>		
224	Long-Term Notes and Bonds	\$ 23628	\$17736
	<b>DEFERRED CREDITS</b>		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction		
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	<b>TOTAL DEFERRED CREDITS</b>	\$	\$
	<b>TOTAL LIABILITIES</b>	\$ 32253	\$ 25382
	<b>CAPITAL ACCOUNTS</b>		
201	Common Stock Issued	\$ 13339	\$ 13339
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	(385)	(674)
218	Proprietary Capital (Sole Props and Partnerships)		
	<b>TOTAL CAPITAL</b>	\$ 12954	\$ 12665
	<b>TOTAL LIABILITIES AND CAPITAL</b>	\$ 45207	\$ 38047

See Accountant's Report



**COMPARATIVE STATEMENT OF INCOME AND EXPENSE**

<b>Acct. No.</b>	<b>OPERATING REVENUES</b>	<b>PRIOR YEAR</b>	<b>CURRENT YEAR</b>
461	Metered Water Revenue	\$ 53936	\$ 55641
460	Unmetered Water Revenue		
474	Other Water Revenues		
	<b>TOTAL REVENUES</b>	\$ 53936	\$ 55641
	<b>OPERATING EXPENSES</b>		
601	Salaries and Wages	\$	\$
610	Purchased Water		
615	Purchased Power	9183	12710
618	Chemicals		
620	Repairs and Maintenance	8661	13845
621	Office Supplies and Expense	975	1128
630	Outside Services	4900	7700
635	Water Testing	1462	1741
641	Rents		
650	Transportation Expenses	231	75
657	Insurance – General Liability	1001	1027
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	7972	4466
403	Depreciation Expense	1126	1126
408	Taxes Other Than Income	3218	4761
408.11	Property Taxes	5125	3891
409	Income Tax	1663	435
	<b>TOTAL OPERATING EXPENSES</b>	\$ 45515	\$ 52905
	<b>OPERATING INCOME/(LOSS)</b>	\$	\$
	<b>OTHER INCOME/(EXPENSE)</b>		
419	Interest and Dividend Income	\$ 146	\$ 69
421	Non-Utility Income		
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	2284	1108
	<b>TOTAL OTHER INCOME/(EXPENSE)</b>	\$ 2138	\$ 1039
	<b>NET INCOME/(LOSS)</b>	\$ 6283	\$ 1697

**COMPANY NAME**

Picacho Water Improvement Corporation

**SUPPLEMENTAL FINANCIAL DATA****Long-Term Debt**

	<b>LOAN #1</b>	<b>LOAN #2</b>	<b>LOAN #3</b>	<b>LOAN #4</b>
Date Issued	11-18-71	8-6-80		
Source of Loan	FHA	FHA		
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 30,000	\$ 25,000	\$	\$
Amount Outstanding	\$ 11,331	\$ 6,404	\$	\$
Date of Maturity	5-2017	6-2008		
Interest Rate				
Current Year Interest	\$	\$	\$	\$
Current Year Principle	\$ 2823	\$ 3070	\$	\$

Meter Deposit Balance at Test Year End

\$

Meter Deposits Refunded During the Test Year

\$

**COMPANY NAME**

Picacho Water Improvement Corporation

**WATER COMPANY PLANT DESCRIPTION****WELLS**

<b>ADWR ID Number*</b>	<b>Pump Horsepower</b>	<b>Pump Yield (Gpm)</b>	<b>Casing Depth (Feet)</b>	<b>Casing Diameter (Inches)</b>	<b>Meter Size (inches)</b>	<b>Year Drilled</b>
622043	40	300	14"	20"	6"	1961
622044	25	65	12"	10"	3"	1961

- Arizona Department of Water Resources Identification Number

**OTHER WATER SOURCES**

<b>Name or Description</b>	<b>Capacity (gpm)</b>	<b>Gallons Purchased or Obtained (in thousands)</b>

<b>BOOSTER PUMPS</b>		<b>FIRE HYDRANTS</b>	
<b>Horsepower</b>	<b>Quantity</b>	<b>Quantity Standard</b>	<b>Quantity Other</b>
50	1		

<b>STORAGE TANKS</b>		<b>PRESSURE TANKS</b>	
<b>Capacity</b>	<b>Quantity</b>	<b>Capacity</b>	<b>Quantity</b>
200,000	1	7500	1

**WATER COMPANY PLANT DESCRIPTION (CONTINUED)**

MAINS		
Size (in inches)	Material	Length (in feet)
2		
3		
4		3000
5		
6		5000
8		6000
10		
12		

CUSTOMER METERS	
Size (in inches)	Quantity
5/8 X ¾	117
3/4	
1	
1 1/2	
2	6
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

STRUCTURES:

OTHER:

COMPANY NAME: Picacho Water Improvement Corporation

**WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2002**

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	126	1367.000	1657.100
FEBRUARY	129	1161.000	1591.200
MARCH	131	2347.000	3251.100
APRIL	129	2029.000	2994.600
MAY	130	2065.000	2552.000
JUNE	131	2939.000	3820.600
JULY	130	2729.000	4027.500
AUGUST	130	2197.150	3106.300
SEPTEMBER	130	2293.000	3440.000
OCTOBER	127	2112.000	2966.000
NOVEMBER	126	1148.488	1546.500
DECEMBER	125	1209.000	1632.200
TOTAL		N/A	32585.1

23596.638<sup>cm</sup>

Is the Water Utility located in an ADWR Active Management Area (AMA)?

( x ) Yes

( ) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

( ) Yes

( x ) No

If yes, provide the GPCPD amount: \_\_\_\_\_

What is the level of arsenic for each well on your system. .011 mg/l Well #1

(If more than one well, please list each separately)

.0082 Well #2

**Note: If you are filing for more than one system, please provide separate data sheets for each system.**

See Accountant's Report

**COMPANY NAME** Picacho Water Improvement Corporation **YEAR ENDING 12/31/2002**

**PROPERTY TAXES**

Amount of actual property taxes paid during Calendar Year 2002 was: \$ 3891

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

See Accountant's Report

COMPANY NAME Picacho Water Improvement Corporation YEAR ENDING 12/31/2002

**INCOME TAXES**

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>1936</u>
Estimated or Actual Federal Tax Liability	<u>290</u>

State Taxable Income Reported	<u>2081</u>
Estimated or Actual State Tax Liability	<u>145</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>                    </u>
Amount of Gross-Up Tax Collected	<u>                    </u>
Total Grossed-Up Contributions/Advances	<u>                    </u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

**CERTIFICATION**

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

David K. Holmes  
SIGNATURE

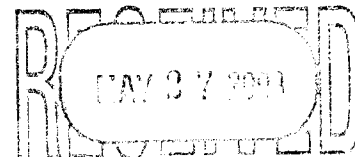
5/14/03  
DATE

David K. Holmes  
PRINTED NAME

President  
TITLE

See Accountant's Report

# VERIFICATION AND SWORN STATEMENT Intrastate Revenues Only



## VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)

Pinal

NAME (OWNER OR OFFICIAL) TITLE

David K Holmes President

COMPANY NAME

Picacho Water Improvement CorporationDO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH

DAY

YEAR

12312002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

## SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2002 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 55,641

(THE AMOUNT IN BOX ABOVE

INCLUDES \$ 3430

IN SALES TAXES BILLED, OR COLLECTED

\*\*REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SIGNATURE OF OWNER OR OFFICIAL

(520) 466-3787

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

14th

DAY OF

COUNTY NAME

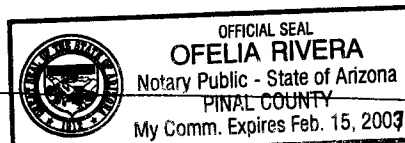
Pinal

MONTH

April2003

SIGNATURE OF NOTARY PUBLIC

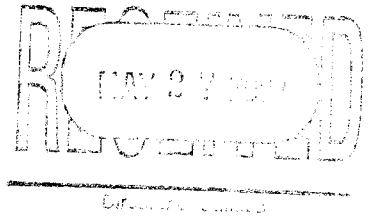
(SEAL)

MY COMMISSION EXPIRES February 15, 2007



**VERIFICATION  
AND  
SWORN STATEMENT  
RESIDENTIAL REVENUE  
INTRASTATE REVENUES ONLY**

ARIZONA CORPORATION  
COMMISSION



**VERIFICATION**

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

(COUNTY NAME) Pinal	
NAME (OWNER OR OFFICIAL) DAVID K HOLMES	TITLE President
COMPANY NAME Picacho Water Improvement Corporation	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2002

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

**SWORN STATEMENT**

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2002 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES

\$ 42,287

(THE AMOUNT IN BOX AT LEFT  
INCLUDES \$ 2,607

IN SALES TAXES BILLED, OR COLLECTED

\*RESIDENTIAL REVENUE REPORTED ON THIS PAGE  
MUST INCLUDE SALES TAXES BILLED.

SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

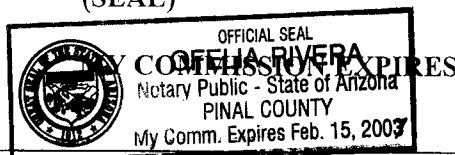
THIS

14th

DAY OF

NOTARY PUBLIC NAME Ofelia Rivera	
COUNTY NAME Pinal	
MONTH April	2003

(SEAL)



X   
SIGNATURE OF NOTARY PUBLIC